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Book Review: Beggar thy neighbor: a history of usury and debt by Charles G. Geisst (2013)

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Charles R. Geisst, *Beggar Thy Neighbor. A History of Usury and Debt*. University of Pennsylvania Press, Philadelphia (Penn.) 2013, 388 p., ISBN 978-0-8122-4462-5.

Beggar Thy Neighbor is grounded on the idea that concepts of fairness and equity found in natural law underlay the business of borrowing and lending from Antiquity to modern times, even after "practicality" won the usury debate at the dawn of capitalism (p. 97). The tension between, on the one hand, the centrality of debt in the capitalist system, and its potential benefits for economic growth, and on the other, social injustices related to lending practices, is at the centre of this colourful saga of Western finance. Emphasis on the moral implications of money-lending differentiates this work from classical financial history focusing on credit instruments and institutions (Homer, Kindleberger). Yet, paradoxically, unlike Graeber's *Debt* the book does not defend any particular thesis and adopts a totally apolitical stance.

Out of the two millennia of history covered here, three chapters are devoted to the first eighteen centuries, and five to the remaining three − reflecting the author's own area of specialization. Limited knowledge and research on earlier periods leads to a focus on ideas and normative texts rather than banking practices. Consequently, the book, starting as an intellectual and legal history of usury, quickly shifts towards an economic history of debt instruments and financial management − from Wall Street bull and bear raids of the 19th century to the 2008 financial crisis, passing through the explosion of consumer credit in the 1920s, sovereign debt crises of the 1970s-80s, deregulation and microlending.

The adoption of a positivist approach to history, primarily reflected in the linear narrative of usury built around a series of "milestones" − mostly, great thinkers and financial crises− frequently leads to untoward simplifications. The shift of economic predominance from southern to northern Europe is bluntly amounted to the disappearance of Italian bankers from the European scene at the dawn of the Dutch "miracle" (p. 87). The success of the Barings and Rothschilds is not explained by their ability to take advantage of specific economic circumstances, but by an existing historical need to "fill the role once occupied by the Templars and the Medici" (p. 130).

The whole book hints at a western model mostly embodied by US and UK finances, but important questions remain unaddressed: what does this model precisely consists in? why, when and how did it emerge? what determined its triumph on the international scene? Given the dichotomy between the two parts of the book, modern debt instruments and securitization (abundantly described in the second section) are not presented as resulting from a slow evolution of banking and insurance techniques − some which, in fact, remained radically identical through time. They rather seem to have popped up straight from the brains of economists, pushing back what was left of the "shadow of the Church dogma" (p. 97) – while it could be argued that this dogma precisely encouraged the development of financial techniques aimed at hiding interest rates, such as exchange.

When it comes to the diffusion of the western model, the brief chapter devoted to Islamic finance, visibly intended to counter accusations of western-centrism, may have the opposite effect. Skimming thirteen centuries between the Koranic ban on usury and the creation of OPEC, Geisst seems mostly concerned with the introduction of western banking in the Islamic world and its adaptation to religious concerns. Here again, western debt instruments seem to suddenly submerge a financially virgin land in the 20th century – although research in this area has proved long ago that this is not the case (Jennings).

Just as the author's area of specialization determines the uneven structure of the book, his enthusiasm for specific topics, figures and episodes in the history of finance sometimes leads to developments that pull away from the subject matter, to the detriment of a more focused analysis. The special attention devoted to compound interest throughout the whole book is never justified, and does not appear self-evident, since simple interest was as likely to keep borrowers in perpetual debt and at the mercy of their creditors (as experienced by several Latin America countries in the 1980s). The personal stories of various renowned figures (from ancient theologians to early modern jurists and 20th century businessmen) certainly add a picturesque dimension to the book but tend to dissolve the argument.

On the other hand, themes that may seem crucial for understanding the history of usury and debt, such as the democratisation of bank credit, the power relations at stake in defining the limit between excessive and acceptable interest rates, or the entangled histories of consumer, corporate and governmental credit, are evoked in various places without ever being developed − leaving the reader frustrated.

Scholars may be disappointed by potentially misleading overviews of their own fields of research. They will also regret that endnotes are kept to a minimum, leading to many unsupported claims while limiting the reader's possibility to further investigate. A broader audience may find Ferguson's beguiling style and thought-provoking questions a more enjoyable read. Nevertheless, *Beggar Thy Neighbor* remains a rich and lively introduction to contemporary western finance.